

Message Text

LIMITED OFFICIAL USE

PAGE 01 NEW DE 06635 192133Z

63

ACTION NEA-10

INFO OCT-01 ISO-00 L-02 A-01 FBO-02 (ISO) W

----- 097051

R 190915Z MAY 75

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 8758

INFO AMCONSUL BOMBAY

LIMITED OFFICIAL USE NEW DELHI 6635

E.O. 11652: N/A

TAGS: ABLD, IN

SUBJ: GENERATORS

REF: STATE 115106

1. AS WE HAVE REPORTED RIGHT ALONG, WE DON'T THINK IT IS GOING TO BE EASY TO GET THE GOI TO ALLOW TRANSFER OF RUPEES INTO FOREIGN EXCHANGE TO THE EXTENT THAT THERE ARE DEMONSTRABLE OBLIGATIONS IN INDIA STEMMING FROM THE GENERATOR TRANSACTION. IT WILL BE ESPECIALLY DIFFICULT SINCE THE ATTORNEY REPRESENTING HYDE AND SMITH SPECIFICALLY AGREED TO USING A PORTION OF THE RUPEES RELEASED FOR THE AIR FREIGHT BILL TO PAY EXPENSES INCURRED IN INDIA. BEFORE WE CAN APPROACH THE GOI ON THE MATTER WE MUST HAVE ANSWERS TO SOME QUESTIONS. FIRST, WHY I N'T IT LEGITIMATE TO SUBTRACT ENOUGH RUPEES TO COVER EXPENSES INCURRED IN INDIA FROM THE FOREIGN EXCHANGE TO BE TRANSFERRED? WE CAN ARGUE THAT HYDE'S EXPENSES SHOULD NOT BE DEDUCTED FROM THE AIR FREIGHT PAYMENT TRANSFER, BUT WHAT CAN WE SAY ABOUT SMITH'S EXPENSES WE HAVE THOUGHT ABOUT THIS ONE HARDN AND WE CAN'T THINK OF AN ARGUMENT AGAINST DEDUCTING SMITH'S EXPENSES IN INDIA FROM THE AMOUNT TO BE TRANSFERRED. IF THE AMOUNT SAREEN AGREED WOULD NOT BE TRANSFERRED INCLUDES SOME OF HYDE'S EXPENSES AS WELL AS SMITH'S, PLEASE ASK HYDE FOR A BREAKDOWN OF WHAT COMPRISES HIS EXPENSES AND WHAT COMPRISES SMITH'S EXPENSES. THE MORE DETAILED THIS BREAKDOWN IS, THE BETTER. FINALLY, IF THE AMOUNT ACTUALLY

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 NEW DE 06635 192133Z

TRANSFERRED IS INSUFFICIENT TO PAY SEABOARD, HOW MUCH IS

THE SHORTFALL? WITH SUCH INFORMATION AT HAND, WE'LL DO WHAT WE CAN, BUT AS YOU CAN APPRECIATE FROM OTHER ASPECTS OF THIS CASE, IT'S GOING TO TAKE A LOT OF TIME AND EFFORT FOR A SMALL AMOUNT OF MONEY EVEN IF WE SUCCEED. IS THE DEPARTMENT SURE IT WANTS US TO GO AHEAD?

2. AS REGARDS HYDE'S OFFER, WE DON'T THINK IT CAN SERVE AS AN INITIAL NEGOTIATING POSITION (ANYHOW, WE THINK WE ARE WAY BEYOND THE POINT OF INITIAL NEGOTIATING POSITIONS). REMEMBER, THE GOI ACCEPTED THIS UNPRECEDENTED ARRANGEMENT IN THE FIRST PLACE WITH THE CLEAR UNDERSTANDING THAT THE WHOLE TRANSACTION WOULD BE IN RUPEES. THE BOTTOM LINE ON HYDE'S "NEW" PROPOSAL COMES OUT TO EXACTLY THE SAME SUM OF MONEY, ONLY HE SETS FORTH HIS DOLLAR WANTS AND ADDS, IN EFFECT, "GIVE ME THE REMAINDER IN RUPEES." MAYBE THE DEPARTMENT THINKS WE CAN SELL SUCH A PROPOSITION TO A SKEPTICAL GOVERNMENT OF INDIA. WE DON'T. WE THINK WE CAN SELL A COMPROMISE SETTLEMENT, WHICH DOES GIVE HYDE ENOUGH MONEY TO PAY FOR THE GENERATORS AND AVOID BANKRUPTCY. IT MIGHT BE BETTER TO SAY, "WE THOUGHT WE COULD SELL A COMPROMISE SETTLEMENT..." THE CAST OF CHARACTERS IN THE GOI WHO KNOW OR CARE ANYTHING ABOUT THIS MATTER IS RAPIDLY CHANGING, AND TIME IS NOT ON OUR SIDE. IN FACT, IF HYDE DOESN'T RAPIDLY SHOW MORE DISPOSITION TO COMPROMISE, WE ARE LIKELY TO BE IN THE POSITION WHERE THE ONLY WAY OUT WILL BE TO SHIP THE GENERATORS BACK AS PROPOSED BY HOUSE (PARA. 2 NEW DELHI 896).
SCHNEIDER

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 19 MAY 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: greeneet
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975NEWDE06635
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750176-0148
From: NEW DELHI
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750539/aaaabjfa.tel
Line Count: 89
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION NEA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 STATE 115106
Review Action: RELEASED, APPROVED
Review Authority: greeneet
Review Comment: n/a
Review Content Flags:
Review Date: 05 AUG 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <05 AUG 2003 by izenbei0>; APPROVED <25 NOV 2003 by greeneet>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: GENERATORS
TAGS: ABLD, IN
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006